

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

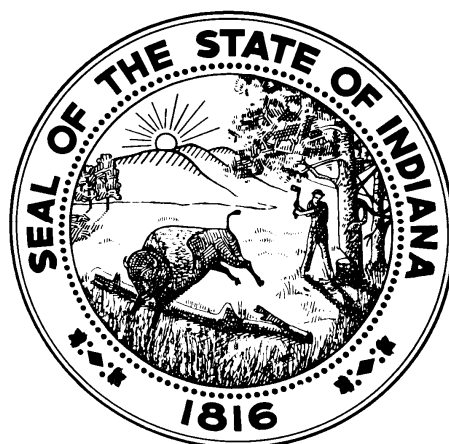
EXAMINATION REPORT

OF

TOWN OF KENTLAND

NEWTON COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
07/15/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deborah Plunkett	01-01-03 to 12-31-10
President of the Town Council	Charles Lehman David P. Smart	01-01-06 to 06-30-07 07-01-07 to 12-31-08
Superintendent of Utilities	Terry Hafstrom	01-01-06 to 12-31-08



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF KENTLAND, NEWTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Kentland (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 9, 2008

TOWN OF KENTLAND
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 203,341	\$ 266,471	\$ 302,919	\$ 166,893
Motor Vehicle Highway	67,128	258,760	150,552	175,336
Local Road and Street	10,514	8,238	8,676	10,076
Park and Recreation	95,653	61,379	94,817	62,215
Law Enforcement Continuing Education	4,424	55	706	3,773
Riverboat	15,793	11,466	7,285	19,974
Rainy Day	82	-	-	82
Donation	22,068	22,900	42,847	2,121
Cumulative Capital Improvement	6,110	6,509	6,236	6,383
Cumulative Capital Development	208,731	30,271	56,434	182,568
Sanitation	58,590	148,075	81,823	124,842
Aviation	40	369,586	368,819	807
Park Deposit	1,025	4,150	3,950	1,225
Park Special Nonreverting Donation	757	15,650	-	16,407
Building Permit	-	1,151	805	346
Cable TV Franchise	17,312	13,905	27,782	3,435
Excess Levy	8,000	-	-	8,000
Proprietary Funds:				
Water Utility - Operating	595,267	300,422	224,758	670,931
Water Utility - Customer Deposit	13,100	6,150	7,251	11,999
Water Utility - Reserve	3,300	-	-	3,300
Wastewater Utility - Operating	192,717	659,123	492,623	359,217
Wastewater Utility - Reserve	70,000	-	-	70,000
Fiduciary Fund:				
Payroll	3,382	276,589	275,172	4,799
Totals	<u>\$ 1,597,334</u>	<u>\$ 2,460,850</u>	<u>\$ 2,153,455</u>	<u>\$ 1,904,729</u>
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 166,893	\$ 458,972	\$ 399,702	\$ 226,163
Motor Vehicle Highway	175,336	133,688	163,069	145,955
Local Road and Street	10,076	8,356	9,544	8,888
Park and Recreation	62,215	105,371	90,971	76,615
Law Enforcement Continuing Education	3,773	115	1,692	2,196
Riverboat	19,974	18,940	22,567	16,347
Rainy Day	82	-	-	82
Donation	2,121	75,000	18,558	58,563
Cumulative Capital Improvement	6,383	6,400	6,831	5,952
Cumulative Capital Development	182,568	28,583	59,068	152,083
Sanitation	124,842	217,209	248,764	93,287
Aviation	807	42,345	43,152	-
Park Deposit	1,225	4,150	4,650	725
Park Special Nonreverting Donation	16,407	3,010	17,460	1,957
Building Permit	346	5,422	5,388	380
Cable TV Franchise	3,435	14,523	17,958	-
Excess Levy	8,000	-	-	8,000
Proprietary Funds:				
Water Utility - Operating	670,931	339,911	331,865	678,977
Water Utility - Customer Deposit	11,999	5,400	4,100	13,299
Water Utility - Reserve	3,300	-	-	3,300
Wastewater Utility - Operating	359,217	668,885	470,959	557,143
Wastewater Utility - Reserve	70,000	-	70,000	-
Fiduciary Fund:				
Payroll	4,799	292,467	293,482	3,784
Totals	<u>\$ 1,904,729</u>	<u>\$ 2,428,747</u>	<u>\$ 2,279,780</u>	<u>\$ 2,053,696</u>

The accompanying notes are an integral part of the financial information.

TOWN OF KENTLAND
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Subsequent Event

The Town was awarded a Community Focus Fund grant for \$525,000 on behalf of the Kentland-Jefferson Township Public Library (Library). The Library is planning an expansion and re-modeling project which is expected to total approximately \$1,300,000. The additional funding for the project is expected to be taken care of through a general obligation bond issued by the Library.

TOWN OF KENTLAND
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 50,000	\$ 52,625
Business-type Activities:		
Wastewater Utility		
Notes and loans payable	\$ 433,000	\$ 138,464

TOWN OF KENTLAND
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS

The Town and its' Utilities do not maintain detailed records of capital assets. Purchases and deletions or disposals of capital assets are not recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF KENTLAND
EXIT CONFERENCE

The contents of this report were discussed on June 9, 2008, with David P. Smart, President of the Town Council; and Deborah Plunkett, Clerk-Treasurer. The officials concurred with our finding.